

Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04

PRS-01 USIA-15 DRC-01 /198 W
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R 140925Z MAR 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 610

INFO AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY TEHRAN

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L TOKYO 3412

STATE ALSO FOR T/IEP

E.O. 11652: NA

TAGS: ENRG JA SA EAID

SUBJ: ENERGY: JAPAN-SAUDI ARABIAN ECONOMIC DISCUSSIONS

REF: TOKYO 1485

SUMMARY: ACCORDING TO FONOFF SOURCE, GOJ IN NO HURRY TO PURSUE PROPOSED BILATERAL OIL DEAL WITH SAUDI ARABIA. OFFICIAL OF PETROLEUM ASSOCIATION OF JAPAN CONFIRMED THAT GOJ WAITING FOR PARTICIPATION AND OIL PRICE SITUATIONS TO STABILIZE, BUT SAID FONOFF SPONSORED MISSION WOULD TAKE UP QUESTION OF POSSIBLE AGREEMENTS DURING VISIT TO SAUDI ARABIA IN LATE MARCH OR EARLY APRIL. END SUMMARY.

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1. DEP HEAD OF FONOFF MIDDLE EAST DIV., JIBIKI, TOLD

EMBOFFS MAR 13 THAT GOJ WAS IN NO HURRY TO PURSUE PROPOSED BILATERAL OIL DEAL WITH SAUDI ARABIA. DURING YAMANI VISIT TO JAPAN IN JAN, JIBIKI SAID, ECONOMIC AND TECHNICAL COOPERATION AGREEMENT HAD BEEN DISCUSSED ON BASIS OF DRAFT THAT HAD BEEN IN EXISTENCE FOR SOME TIME, AND MOST RECENT JAPANESE COMMENTS HAD BEEN ADDED. YAMANI HAD REPLIED THAT JAPANESE DRAFT, ONLY ON ECONOMIC AND TECHNICAL COOPERATION, WAS "TOO NARROW" IN CURRENT SITUATION, AND HAD INDICATED THAT SAUDIS IN RESPONDING TO JAPANESE DRAFT PROPOSAL MIGHT WISH TO INCLUDE BILATERAL OIL ARRANGEMENT. SINCE YAMANI VISIT, HOWEVER, JAPANESE HAD HEARD NOTHIN FROM SAUDI ARABIA ON PROPOSED ECONOMIC AND TECHNICAL COOPERATION AGREEMENT OR BILTERAL OIL DEAL. JIBIKI ADDED THAT NO ATTEMPT WAS BEING MADE TO SPEED UP SAUDI CONSIDERATION BECAUSE JAPANESE ARE CONCERNED THAT SUCH EFFORTS MIGHT ELICIT A PROPOSAL FOR LONG TERM OIL AGREEMENT INCLUDING HIGH PRICE FOR OIL, AT TIME WHEN INTERNATIONAL OIL PRICES ARE UNSTABLE AND MAY DECLINE.

2. JIBIKI ALSO SAID THE SAUDI FONMIN SAQQAF EXPECTED MAKE FIVE-HOUR AIRPORT STOPOVER IN JAPAN ON MAR 16 ON ROUTE HOME FROM PHILIPPINES, BUT THAT NO SUBSTANTIVE DISCUSSIONS WERE EXPECTED TO TAKE PLACE. ADDED THAT SAQQAF STILL APPARENTLY PLANNED TO MAKE OFFICIAL VISIT TO JAPAN. VISIT, HOWEVER, HAD BEEN POSTPONED TWICE SO FAR, AND FONOFF HAD NO FIRM IDEA OF WHEN IT MIGHT TAKE PLACE.

3. SOURCE IN PETROLEUM ASSOCIATION OF JAPAN (PAJ) ALSO SAID GOJ CAUTIOUS ABOUT PRESSING SAUDIS ON BILATERAL OIL DEAL AT THIS TIME. JAPANESE, HE SAID, ARE WAITING TO SEE WHAT SORT OF PARTICIPATION ARRANGEMENTS WOULD BE WORKED OUT BETWEEN ARAMCO AND SAUDI ARABIA, AND ALSO WAITING FOR PRICE SITUATION TO STABILIZE. HE ADDED, HOWEVER, THAT CERTAIN JAPANESE FINANCIERS, SUCH AS NAKAYAMA OF INDUSTRIAL BANK OF JAPAN AND IMAZATO OF OVERSEAS PETROLEUM CORP., WERE PRESSURING GOERNMENT TO MOVE AHEAD WITH DISCUSSIONS WITH SAUDIS. HE NOTED THAT FONOFF QLANS TO SEND MISSION HEADED BY SAKISAKA, PRESIDENT OF INSTITUTE OF ENERGY ECONOMICS (AND CONFIDENTIAL

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INFLUENTIAL FIGURE IN ENERGY POLICY MAKING CIRCLES), IN LATE MARCH TO SAUDI ARABIA AND OTHER MIDDLE EASTERN COUNTRIES. (SEPTTEL FOLLOWS ON THIS MISSION). ACCORDING PAJ SOURCEN THIS MISSION WILL EXPLORE CURRENT SAUDI VIEWS ON BILATERAL OIL AGREEMENT.

4. MARCH 14 PRESS ALSO REPORTS THAT FIRST SESSION OF NEWLY FORMED JAPAN-SAUDI ARABIAN COOPERATION COMMITTEE

LIKELY TO BE HELD IN TOKYO IN APRIL, AND THAT PRINCE
FAHD WILL BE SAUDI REPRESENTATIVE. PRESS SPECULATES
THAT MEETING WILL PROVIDE FURTHER OCCASION FOR
DISCUSSION OF ECONOMIC AND TECHNICAL COOPERATION
AGREEMENT AND POSSIBLE OIL DEAL.
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